

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 COME-00 L-03 SEC-01
AID-05 CIAE-00 FRB-03 INR-07 NSAE-00 USIA-06
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01
PA-01 PRS-01 /071 W
-----041686 021200Z /44

R 020915Z AUG
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 3850
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY ATHENS
AMEMBASSY DAMASCUS
AMEMBASSY DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
USINT BAGHDAD

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EO 11652: N/A
TAGS: BEXP, IR
SUBJ: GULF WESTERN TRADE MISSION (AKA INDUSTRIAL MOSAIC '77
TRADE MISSION)

REF: (A) USDOC 14158, (B) 76 TEHRAN 12625 (NOTAL)

1. EMBASSY BELIEVES DEPARTMENTS OF STATE AND COMMERCE SHOULD
EXAMINE
DESIRABILITY OF CANCELLING OR DEFERRING IRAN PORTION (AND POSSIBLY
OTHER NEA COUNTRIES ALSO) OF COMMERCE-SUPPORTED GULF AND WESTERN
TRADE MISSION/JEEP IN LIGHT OF CURRENT NEW YORK TIMES SERIES (ALSO
CARRIED IN IHT) ON SEC INVESTIGATION OF THIS CONGLOMERATE. ALTHOUGH
G&W MISSION MAY WELL GO OVER SUCCESSFULLY AND WITHOUT UNTOWARD
PUBLICITY, THE POTENTIAL FOR UNDESIRABLE FALLOUT HERE AND IN THE U.S.
SEEMS EVIDENT. CLOSED-END ASPECT OF THIS TRADE MISSION, WHICH
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RESTRICTS PARTICIPATION ENTIRELY TO G&W COMPANIES, BY DEFINITION MAKE
S IT
IMPOSSIBLE TO "BURY" G&W AMONG OTHER U.S. COMPANIES.
AS IS USUAL, THERE WILL BE SOME EMBASSY HOSPITALITY,
PERHAPS EVEN AMBASSADOR HOSTING RECEPTION IN HONOR

OF G&W GROUP, WHICH TOGETHER WITH OTHER POST SUPPORT
WILL BE CORRECTLY READ BY IRANIANS AS OFFICIAL USG
SPONSORSHIP.

2. EMBASSY GATHERS FROM NEW YORK TIMES STORIES
WRITTEN BY SEYMOUR HERSH, ALSO APPEARING IN THE
INTERNATIONAL HERALD TRIBUNE (WHICH IS WIDELY READ
HERE), THAT SEC INVESTIGATION CENTERS PRIMARILY (BUT NOT
EXCLUSIVELY) IN G&W'S BOARD CHAIRMAN AND CEO CHARLES
BLUHDORN RATHER THAN IN COMPANY ITSELF. HOWEVER, IT IS
UNLIKELY THAT MOST READERS WILL MAKE THIS DISTINCTION.
(BLUHDORN HIMSELF, AS THE EMBASSY HAS EARLIER REPORTED,
WAS IN SOME DISFAVOR HERE ABOUT TWO YEARS AGO FOR MAKING
PROVOCATIVE STATEMENTS ABOUT SHAH OF IRAN DURING COURSE
OF MOTION PICTURE FARE NEGOTIATIONS). AS REGARDS THE
SEVERAL ALLEGATIONS CONTAINED IN STORIES RE IMPROPRIETIES
AND VIOLATIONS OF LAW BY G&W OFFICIALS, IT SHOULD BE
NOTED THAT IRAN HAS TAKEN A LEADING ROLE -- AS HAS THE
UNITED STATES -- IN CONDOMNING BUSINESS MALPRACTICES AND
SEEKING INTERNATIONAL COOPION TO COUNTER OVERSEAS
WRONGDOING BY MULTINATIONAL CORPORATIONS. EMBASSY IS
NOT RPT NOT POINTING ACCUSATORY FINGER AT G&W SIMPLY
BECAUSE NYT CORRESPONDENT HERSH SAYS THERE HAVE BEEN
QUESTIONABLE PRACTICES WITHIN THE COMPANY. WE FIND IT
SOMEWHAT DISQUIETING, HOWEVER, THAT A USG AGENCY HAS
A U.S. COMPANY UNDER AN IN-DEPTH INVESTIGATION ON THE
EVE OF COMPANY'S DEPARTURE ON A TRADE MISSION TO MIDDLE
EAST VIRTUALLY UNDER USG SPONSORSHIP.
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3. EMBASSY SUGGESTS THAT DEPARTMENT MAY WISH TO MAKE
INFORMAL QUERY OF SEC CONCERNING LIKELY DURATION AND
DIRECTION OF INQUIRY AND PARTICULARLY WHETHER EARLY
PROSECUTORIAL ACTION BY USG AGAINST G&W IS LIKELY.
SHOULD DECISION BE TO GO AHEAD WITH INDUSTRIAL MOSAIC
'77 TRADE MISSION, BE ASSURED THAT POST WILL DO ITS
BEST TO ENSURE THAT IT IS A SUCCESSFUL PROMOTION.

4. PLEASE ADVISE.
SULLIVAN

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TEHRAN06847
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Expiration:
Film Number: D770276-0434
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197708114/aaaafzwh.tel
Line Count: 111
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON MICROFILM, TEXT ON-LINE
Message ID: ef86b350-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 TEHRAN 12625
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1444690
Secure: OPEN
Status: <DBA CORRECTED> gwr 970912
Subject: GULF WESTERN TRADE MISSION (AKA INDUSTRIAL MOSAIC '77 TRADE MISSION)
TAGS: BEXP, IR
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ef86b350-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009